

A bill for an act relating to appropriations; appropriating money for agriculture, the Board of Animal Health, veterans, and the military; changing certain agricultural and animal health requirements and programs; establishing a program; eliminating a sunset; amending Minnesota Statutes 2008, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 12; 18B.01, subdivision 8, by adding subdivisions; 18B.065, subdivision 2a, by adding subdivisions; 18B.26, subdivision 3; 18E.03, subdivision 2; 28A.085, subdivision 1; 32.394, subdivision 8; 41A.09, subdivisions 2a, 3a; 197.585, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 18B; 41A; repealing Minnesota Statutes 2008, sections 17.49, subdivision 3; 38.02, subdivisions 3, 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1
AGRICULTURE

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	\$ <u>45,656,000</u>	\$ <u>45,656,000</u>	\$ <u>91,312,000</u>
<u>Clean Water</u>	\$ <u>3,075,000</u>	\$ <u>5,850,000</u>	\$ <u>8,925,000</u>
<u>Remediation</u>	\$ <u>388,000</u>	\$ <u>388,000</u>	\$ <u>776,000</u>
<u>Total</u>	\$ <u>49,119,000</u>	\$ <u>51,894,000</u>	\$ <u>101,013,000</u>

Sec. 2. AGRICULTURE APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each

purpose. The figures "2010" and "2011" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

		<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
		<u>2010</u>	<u>2011</u>
Sec. 3.	<u>DEPARTMENT OF AGRICULTURE</u>	\$ 42,413,000	\$ 45,188,000
Subdivision 1.	<u>Total Appropriation</u>	\$ 42,413,000	\$ 45,188,000
<u>Appropriations by Fund</u>			
		<u>2010</u>	<u>2011</u>
<u>General</u>		38,950,000	38,950,000
<u>Remediation</u>		388,000	388,000
<u>Clean Water</u>		3,075,000	5,850,000
The amounts that may be spent for each purpose are specified in the following subdivisions.			
Subd. 2.	<u>Protection Services</u>	14,503,000	15,778,000
<u>Appropriations by Fund</u>			
<u>General</u>		12,540,000	12,540,000
<u>Remediation</u>		388,000	388,000
<u>Clean Water</u>		1,575,000	2,850,000
\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.			
\$325,000 the first year and \$350,000 the second year are from the clean water fund to increase monitoring for pesticides and pesticide degradates in surface water and groundwater and to use data collected to assess pesticide use practices.			
\$375,000 the first year and \$750,000 the second year are from the clean water fund			

3.1 to increase drinking water protection from
3.2 agricultural chemicals, primarily nitrates.
3.3 \$875,000 the first year and \$1,750,000 the
3.4 second year are from the clean water fund
3.5 for research, pilot projects, and technical
3.6 assistance related to ways agricultural
3.7 practices can contribute to restoring impaired
3.8 waters.
3.9 \$75,000 the first year and \$75,000 the second
3.10 year are for compensation for destroyed or
3.11 crippled animals under Minnesota Statutes,
3.12 section 3.737. If the amount in the first year
3.13 is insufficient, the amount in the second year
3.14 is available in the first year.
3.15 \$75,000 the first year and \$75,000 the second
3.16 year are for compensation for crop damage
3.17 under Minnesota Statutes, section 3.7371. If
3.18 the amount in the first year is insufficient, the
3.19 amount in the second year is available in the
3.20 first year.
3.21 If the commissioner determines that claims
3.22 made under Minnesota Statutes, section
3.23 3.737 or 3.7371, are unusually high, amounts
3.24 appropriated for either program may be
3.25 transferred to the appropriation for the other
3.26 program.

3.27	<u>Subd. 3. Agricultural Marketing and</u>		
3.28	<u>Development</u>	<u>6,255,000</u>	<u>7,755,000</u>

3.29	<u>Appropriations by Fund</u>		
3.30	<u>General</u>	<u>4,755,000</u>	<u>4,755,000</u>
3.31	<u>Clean Water</u>	<u>1,500,000</u>	<u>3,000,000</u>

3.32 \$186,000 the first year and \$186,000 the
3.33 second year are for transfer to the Minnesota
3.34 grown account and may be used as grants
3.35 for Minnesota grown promotion under

4.1 Minnesota Statutes, section 17.102. Grants
4.2 may be made for one year. Notwithstanding
4.3 Minnesota Statutes, section 16A.28, the
4.4 appropriations encumbered under contract on
4.5 or before June 30, 2011, for Minnesota grown
4.6 grants in this paragraph are available until
4.7 June 30, 2013. \$50,000 of the appropriation
4.8 in each year is for efforts that identify
4.9 and promote Minnesota grown products in
4.10 retail food establishments including but not
4.11 limited to restaurants, grocery stores, and
4.12 convenience stores.

4.13 \$60,000 the first year and \$60,000 the
4.14 second year are for grants to farmers for
4.15 demonstration projects involving sustainable
4.16 agriculture as authorized in Minnesota
4.17 Statutes, section 17.116. Of the amount
4.18 for grants, up to \$20,000 may be used for
4.19 dissemination of information about the
4.20 demonstration projects. Notwithstanding
4.21 Minnesota Statutes, section 16A.28, the
4.22 appropriations encumbered under contract
4.23 on or before June 30, 2011, for sustainable
4.24 agriculture grants in this paragraph are
4.25 available until June 30, 2013.

4.26 \$100,000 the first year and \$100,000 the
4.27 second year are to provide training and
4.28 technical assistance to county and town
4.29 officials relating to livestock siting issues
4.30 and local zoning and land use planning,
4.31 including maintenance of the checklist
4.32 template clarifying the federal, state,
4.33 and local government requirements for
4.34 consideration of an animal agriculture
4.35 modernization or expansion project. For the
4.36 training and technical assistance program,

5.1 the commissioner shall continue to seek
5.2 guidance, advice, and support of livestock
5.3 producer organizations, general agricultural
5.4 organizations, local government associations,
5.5 academic institutions, other government
5.6 agencies, and others with expertise in land
5.7 use and agriculture.

5.8 \$1,500,000 the first year and \$3,000,000 the
5.9 second year are from the clean water fund for
5.10 the agricultural best management practices
5.11 loan program. At least \$1,450,000 the first
5.12 year and at least \$2,900,000 the second
5.13 year is for transfer to the agricultural best
5.14 management practices loan account created
5.15 pursuant to Minnesota Statutes, section
5.16 17.117, subdivision 5a, and is available
5.17 for pass-through to local governments and
5.18 lenders for low-interest loans.

5.19 \$100,000 the first year and \$100,000 the
5.20 second year are for annual cost-share
5.21 payments to resident farmers or persons
5.22 who sell, process, or package agricultural
5.23 products in this state for the costs of organic
5.24 certification. Annual cost-share payments
5.25 per farmer must be two-thirds of the cost
5.26 of the certification or \$350, whichever is
5.27 less. In any year that a resident farmer or
5.28 person who sells, processes, or packages
5.29 agricultural products in this state receives
5.30 a federal organic certification cost-share
5.31 payment, that resident farmer or person is
5.32 not eligible for state cost-share payments.

5.33 A certified farmer is eligible to receive
5.34 annual certification cost-share payments for
5.35 up to five years. \$15,000 each year is for
5.36 organic market and program development.

6.1	<u>The commissioner may allocate any excess</u>		
6.2	<u>appropriation in either fiscal year for organic</u>		
6.3	<u>producer education efforts, assistance for</u>		
6.4	<u>persons transitioning from conventional</u>		
6.5	<u>to organic agriculture, or sustainable</u>		
6.6	<u>agriculture demonstration grants authorized</u>		
6.7	<u>under Minnesota Statutes, section 17.166,</u>		
6.8	<u>and pertaining to organic research or</u>		
6.9	<u>demonstration. Any unencumbered balance</u>		
6.10	<u>does not cancel at the end of the first year</u>		
6.11	<u>and is available for the second year.</u>		
6.12	<u>Subd. 4. Bioenergy and Value-Added</u>		
6.13	<u>Agriculture</u>	<u>15,168,000</u>	<u>15,168,000</u>
6.14	<u>\$15,168,000 the first year and \$15,168,000</u>		
6.15	<u>the second year are for ethanol producer</u>		
6.16	<u>payments under Minnesota Statutes, section</u>		
6.17	<u>41A.09. If the total amount for which</u>		
6.18	<u>all producers are eligible in a quarter</u>		
6.19	<u>exceeds the amount available for payments,</u>		
6.20	<u>the commissioner shall make payments</u>		
6.21	<u>on a pro rata basis. If the appropriation</u>		
6.22	<u>exceeds the total amount for which all</u>		
6.23	<u>producers are eligible in a fiscal year for</u>		
6.24	<u>scheduled payments and for deficiencies</u>		
6.25	<u>in payments during previous fiscal years,</u>		
6.26	<u>the balance in the appropriation is available</u>		
6.27	<u>to the commissioner to provide financial</u>		
6.28	<u>assistance under the 21st century agricultural</u>		
6.29	<u>reinvestment program in Minnesota Statutes,</u>		
6.30	<u>section 41A.12. The appropriation remains</u>		
6.31	<u>available until spent.</u>		
6.32	<u>Subd. 5. Administration and Financial</u>		
6.33	<u>Assistance</u>	<u>6,487,000</u>	<u>6,487,000</u>
6.34	<u>\$500,000 the first year and \$500,000</u>		
6.35	<u>the second year are for the 21st century</u>		
6.36	<u>agricultural reinvestment program in new</u>		

7.1 Minnesota Statutes, section 41A.12. Priority
7.2 must be given to livestock programs under
7.3 Minnesota Statutes, section 17.118. The
7.4 commissioner may use up to 4-1/2 percent
7.5 of this appropriation for costs incurred to
7.6 administer the program.

7.7 \$505,000 the first year and \$505,000 the
7.8 second year are for continuation of the dairy
7.9 development and profitability enhancement
7.10 and dairy business planning grant programs
7.11 established under Laws 1997, chapter
7.12 216, section 7, subdivision 2, and Laws
7.13 2001, First Special Session chapter 2,
7.14 section 9, subdivision 2. The commissioner
7.15 may allocate the available sums among
7.16 permissible activities, including efforts to
7.17 improve the quality of milk produced in the
7.18 state in the proportions that the commissioner
7.19 deems most beneficial to Minnesota's dairy
7.20 farmers. The commissioner must submit a
7.21 work plan detailing plans for expenditures
7.22 under this program to the chairs of the house
7.23 of representatives and senate committees
7.24 dealing with agricultural policy and budget
7.25 on or before the start of each fiscal year. If
7.26 significant changes are made to the plans
7.27 in the course of the year, the commissioner
7.28 must notify the chairs.

7.29 \$50,000 the first year and \$50,000 the
7.30 second year are for the Northern Crops
7.31 Institute. These appropriations may be spent
7.32 to purchase equipment.

7.33 \$19,000 the first year and \$19,000 the
7.34 second year are for a grant to the Minnesota
7.35 Livestock Breeders Association.

8.1 \$250,000 the first year and \$250,000 the
8.2 second year are for grants to the Minnesota
8.3 Agricultural Education and Leadership
8.4 Council for programs of the council under
8.5 Minnesota Statutes, chapter 41D.

8.6 \$474,000 the first year and \$474,000 the
8.7 second year are for payments to county and
8.8 district agricultural societies and associations
8.9 under Minnesota Statutes, section 38.02,
8.10 subdivision 1. Of this amount, \$4,000 each
8.11 year is for 4-H premiums. Aid payments to
8.12 county and district agricultural societies and
8.13 associations shall be disbursed not later than
8.14 July 15 of each year. These payments are the
8.15 amount of aid from the state for an annual
8.16 fair held in the previous calendar year.

8.17 \$1,000 the first year and \$1,000 the second
8.18 year are for grants to the Minnesota State
8.19 Poultry Association.

8.20 \$65,000 the first year and \$65,000 the second
8.21 year are for annual grants to the Minnesota
8.22 Turf Seed Council for basic and applied
8.23 research on the improved production of
8.24 forage and turf seed related to new and
8.25 improved varieties. The grant recipient may
8.26 subcontract with a qualified third party for
8.27 some or all of the basic and applied research.

8.28 \$500,000 the first year and \$500,000 the
8.29 second year are for grants to Second Harvest
8.30 Heartland on behalf of Minnesota's six
8.31 Second Harvest food banks for the purchase
8.32 of milk for distribution to Minnesota's food
8.33 shelves and other charitable organizations
8.34 that are eligible to receive food from the food
8.35 banks. Milk purchased under the grants must

9.1 be acquired from Minnesota milk processors
9.2 and based on low-cost bids. The milk must be
9.3 allocated to each Second Harvest food bank
9.4 serving Minnesota according to the formula
9.5 used in the distribution of United States
9.6 Department of Agriculture commodities
9.7 under The Emergency Food Assistance
9.8 Program (TEFAP). Second Harvest
9.9 Heartland must submit quarterly reports
9.10 to the commissioner on forms prescribed
9.11 by the commissioner. The reports must
9.12 include, but are not limited to, information
9.13 on the expenditure of funds, the amount
9.14 of milk purchased, and the organizations
9.15 to which the milk was distributed. Second
9.16 Harvest Heartland may enter into contracts
9.17 or agreements with food banks for shared
9.18 funding or reimbursement of the direct
9.19 purchase of milk. Each food bank receiving
9.20 money from this appropriation may use up to
9.21 two percent of the grant for administrative
9.22 expenses.
9.23 \$100,000 the first year and \$100,000 the
9.24 second year are for transfer to the Board of
9.25 Trustees of the Minnesota State Colleges and
9.26 Universities for mental health counseling
9.27 support to farm families and business
9.28 operators through farm business management
9.29 programs at Central Lakes College and
9.30 Ridgewater College.
9.31 \$18,000 the first year and \$18,000 the
9.32 second year are for grants to the Minnesota
9.33 Horticultural Society.
9.34 Sec. 4. **BOARD OF ANIMAL HEALTH** **\$** **5,156,000** **\$** **5,156,000**

10.1 \$2,531,000 the first year and \$2,531,000
10.2 the second year are for bovine tuberculosis
10.3 eradication efforts in cattle herds.
10.4 \$100,000 the first year and \$100,000 the
10.5 second year are for a program to control
10.6 paratuberculosis (Johne's disease) in
10.7 domestic bovine herds.
10.8 \$40,000 the first year and \$40,000 the second
10.9 year are for a program to investigate the
10.10 avian pneumovirus disease and to identify
10.11 the infected flocks. This appropriation must
10.12 be matched on a dollar-for-dollar or in-kind
10.13 basis with nonstate sources and is in addition
10.14 to money currently designated for turkey
10.15 disease research. Costs of blood sample
10.16 collection, handling, and transportation,
10.17 in addition to costs associated with early
10.18 diagnosis tests and the expenses of vaccine
10.19 research trials, may be credited to the match.
10.20 \$400,000 the first year and \$400,000 the
10.21 second year are for the purposes of cervidae
10.22 inspection as authorized in Minnesota
10.23 Statutes, section 35.155.

10.24	Sec. 5. <u>AGRICULTURAL UTILIZATION</u>			
10.25	<u>RESEARCH INSTITUTE</u>	\$	<u>1,550,000</u>	\$ <u>1,550,000</u>

10.26 \$350,000 the first year and \$350,000 the
10.27 second year are for technical assistance
10.28 and technology transfer to bioenergy crop
10.29 producers and users.

10.30 Sec. 6. Minnesota Statutes 2008, section 3.737, subdivision 1, is amended to read:

10.31 Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736,

10.32 subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated

10.33 by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so

10.34 crippled by a gray wolf that it must be destroyed. Except as provided in this section, the

owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.7371 up to a total of \$100,000 for both programs combined~~ the amount expressly appropriated for this purpose.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 7. Minnesota Statutes 2008, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged or destroyed. In any fiscal year, a crop owner may not be compensated for a damaged or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.737 up to a total of \$100,000 for both programs combined~~ the amount expressly appropriated for this purpose.

Sec. 8. Minnesota Statutes 2008, section 17.03, subdivision 12, is amended to read:

Subd. 12. **Contracts; appropriation.** The commissioner may accept money as part of a contract with any public or private entity to provide statutorily prescribed services by the department. A contract must specify the services to be provided by the department and

12.1 the amount and method of reimbursement. Money generated in a contractual agreement
12.2 under this section must be deposited in a special revenue fund and is appropriated to the
12.3 department for purposes of providing services specified in the contracts. Contracts under
12.4 this section must be processed in accordance with section 16C.05. ~~The commissioner must~~
12.5 ~~report revenues collected and expenditures made under this section to the chairs of the~~
12.6 ~~Environment and Natural Resources Finance Committee in the house of representatives~~
12.7 ~~and the Environment and Agriculture Budget Division in the senate by January 15 of~~
12.8 ~~each odd-numbered year.~~

12.9 Sec. 9. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision
12.10 to read:

12.11 Subd. 1a. **Agricultural pesticide.** "Agricultural pesticide" means a pesticide
12.12 that bears labeling that meets federal worker protection agricultural use requirements
12.13 established in Code of Federal Regulations, title 40, parts 156 and 170.

12.14 Sec. 10. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision
12.15 to read:

12.16 Subd. 1b. **Agricultural pesticide dealer.** "Agricultural pesticide dealer" means a
12.17 person who distributes an agricultural pesticide to an end user.

12.18 Sec. 11. Minnesota Statutes 2008, section 18B.01, subdivision 8, is amended to read:

12.19 Subd. 8. **Distribute.** "Distribute" means offer for sale, sell, barter, ship, deliver for
12.20 shipment, receive and deliver, and offer to deliver pesticides in this state or into this state.

12.21 Sec. 12. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision
12.22 to read:

12.23 Subd. 14b. **Nonagricultural pesticide.** "Nonagricultural pesticide" means a
12.24 pesticide that does not bear labeling that meets federal worker protection agricultural use
12.25 requirements established in Code of Federal Regulations, title 40, parts 156 and 170.

12.26 Sec. 13. Minnesota Statutes 2008, section 18B.065, subdivision 2a, is amended to read:

12.27 Subd. 2a. **Disposal site requirement.** (a) For agricultural waste ~~pesticides~~ pesticide
12.28 collections, the commissioner must designate a place in each county of the state that is
12.29 available at least every year for persons to dispose of unused portions of agricultural
12.30 pesticides. The commissioner shall consult with the person responsible for solid waste

management and disposal in each county to determine an appropriate location and to advertise each collection event.

(b) For residential waste ~~pesticides~~ pesticide collections, the commissioner must provide periodic disposal opportunities each year in each county. As provided under subdivision 7, the commissioner may enter into agreements with county or regional solid waste management entities to provide these collections and shall provide these entities with funding from the nonagricultural waste pesticide account according to subdivision 10. Reimbursement shall be made for reasonable costs incurred including, but not limited to, related supplies, transportation, advertising, and disposal costs as well as reasonable overhead costs.

(c) A person who collects waste pesticide under paragraph (a) or (b) shall record information on each waste pesticide product collected including, but not limited to, the product name, active ingredient or ingredients, quantity, and the United States Environmental Protection Agency registration number, on a form provided by the commissioner. The person must submit this information to the commissioner at least annually.

(d) No disposal site shall turn away a waste pesticide because it is not agricultural or not residential.

Sec. 14. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 8. **Account established; appropriation.** A nonagricultural waste pesticide account is created in the agricultural fund. Notwithstanding section 18B.05, the proceeds of the surcharge imposed by this subdivision must be deposited in the agricultural fund and credited to the nonagricultural waste pesticide account. Money in the account, including interest, is appropriated to the commissioner for waste pesticide collection costs pursuant to subdivision 10 and for the administrative costs of nonagricultural waste pesticide activities.

Sec. 15. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 9. **Nonagricultural surcharge.** (a) A nonagricultural waste pesticide surcharge shall be collected by the commissioner on nonagricultural pesticides registered under chapter 18B. The amount of the surcharge must be determined by the commissioner in order that:

(1) the amounts needed to recover the costs authorized in this subdivision are recovered; and

(2) the unencumbered balance in the nonagricultural waste pesticide account is at least \$400,000 but does not exceed \$1,500,000.

(b) The commissioner shall impose an initial surcharge, to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, and equal to 0.6 percent of annual gross sales of the pesticide in the state and sales of the pesticide for use in the state during the previous calendar year. No surcharge is imposed if the surcharge amount based on percent of annual gross sales is less than \$10. The registrant shall determine the kind, quantity, and value of pesticides sold, or sold for use, in the state. The registrant shall secure sufficient sales information of pesticides distributed in and into the state from distributors, dealers, and retailers, regardless of location, to make such determinations. Sales of pesticides into the state by out-of-state distributors or other persons are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c). Surcharges shall be paid by the registrant based upon the reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this subdivision if the registrant properly documents the sale location and the distributors.

Sec. 16. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 10. **Reimbursement of costs.** (a) The commissioner shall reimburse or pay on behalf of a governmental unit with a waste pesticide program for the costs incurred collecting waste pesticides providing:

(1) the governmental unit has a signed and approved waste pesticide collection cooperative agreement;

(2) costs are directly attributable to waste pesticide collection activities as determined by the commissioner; and

(3) costs are adequately documented, reasonable, and necessary, as determined by the commissioner.

(b) If expenditure projections indicate the unencumbered balance of the nonagricultural waste pesticide account will drop below \$400,000, the commissioner may prorate payments under this subdivision, with the balance of those payments made once sufficient money is available in the account.

Sec. 17. Minnesota Statutes 2008, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Application fee.** (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at ~~0.4~~ 0.6 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$350 for a nonagricultural pesticide and \$250 for all other pesticides. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. In each fiscal year, the commissioner shall allocate from the pesticide regulatory account a sum sufficient to collect and dispose of waste pesticides under section 18B.065. However, notwithstanding section 18B.065, if the commissioner determines that the balance in the pesticide regulatory account at the end of the fiscal year will be less than \$500,000, the commissioner may suspend waste pesticide collections or provide partial payment to a person for waste pesticide collection. The commissioner must notify as soon as possible and no later than August 1 a person under contract to collect waste pesticides of an anticipated suspension or payment reduction.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(d) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (a) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 18. **[18B.31] AGRICULTURAL PESTICIDE DEALER LICENSE AND REPORTING.**

Subdivision 1. Requirement. (a) A person must not distribute an agricultural pesticide into the state without first having obtained an agricultural pesticide dealer license.

(b) Each location or place of business from which an agricultural pesticide is distributed into the state is required to have a separate agricultural pesticide dealer license.

(c) A person who is a licensed pesticide dealer under section 18B.31, who operates from a location or place of business outside of the state, and who distributes an agricultural pesticide into the state is not required to also be licensed under this subdivision.

Subd. 2. Exemption. A person who is a pesticide registrant under this chapter is exempt from the requirement of subdivision 1.

Subd. 3. Resident agent. (a) A person required to be licensed under subdivision 1, or a person licensed as a pesticide dealer pursuant to section 18B.31, and who operates from a location or place of business outside the state and who distributes an agricultural pesticide into the state, must continuously maintain in this state both of the following:

(1) a registered office; and

(2) a resident agent, which agent may be either a person resident in this state whose business office or residence is identical with the registered office, a domestic corporation or limited liability company, or a foreign corporation or limited liability company authorized to transact business in this state and having a business office identical with the registered office.

(b) A person licensed under subdivision 1 shall annually file with the commissioner the name, address, telephone number, and e-mail address of the licensee's resident agent.

Subd. 4. Responsibility. The resident agent is responsible for the acts of a licensed agricultural pesticide dealer, or of a licensed pesticide dealer under section 18B.31, who operates from a location or place of business outside the state and who distributes an agricultural pesticide into the state.

Subd. 5. License. An agricultural pesticide dealer license:

(1) is issued annually upon initial or renewal application;

(2) expires on December 31 of each year unless it is suspended or revoked before that date;

(3) is not transferable from one location or place of business to another location or place of business; and

(4) must be prominently displayed to the public in the agricultural pesticide dealer's place of business and in the registered office of the resident agent.

Subd. 6. **Report to registrants.** An agricultural pesticide dealer, and a licensed pesticide dealer under section 18B.31, who operates from a location or place of business outside of the state and who distributes an agricultural pesticide into the state, shall no later than January 15 of each year report to the agricultural pesticide registrant for each agricultural pesticide distributed into the state all of the following information concerning that distribution:

(1) product name;

(2) EPA registration number;

(3) amount of pesticide sold or distributed;

(4) wholesale value of pesticide sold or distributed;

(5) date of sale or distribution;

(6) sales or distribution invoice number; and

(7) name and address of consignee.

Subd. 7. **Application.** (a) A person must apply to the commissioner for an agricultural pesticide dealer license on forms and in a manner required by the commissioner.

(b) The applicant must be the person in charge of each location or place of business from which agricultural pesticides are distributed into this state.

(c) The commissioner may require that the application provide information regarding the applicant's proposed operations and other information considered pertinent by the commissioner.

(d) The commissioner may require additional demonstration of licensee qualification if the licensee has had a license suspended or revoked, or has otherwise had a history of violations of this chapter.

Subd. 8. **Application fee.** (a) An application for an agricultural pesticide dealer license, or a renewal of an agricultural pesticide dealer license, must be accompanied by a nonrefundable fee of \$150.

(b) If an application for renewal of an agricultural pesticide dealer license is not filed before January 1 of the year for which the license is to be issued, an additional fee of \$20 must be paid by the applicant before the license is issued.

Sec. 19. Minnesota Statutes 2008, section 18E.03, subdivision 2, is amended to read:

Subd. 2. **Expenditures.** (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded;

(3) to reimburse and pay corrective action costs under section 18E.04; ~~and~~

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to \$225,000 per fiscal year; and

(5) to pay costs for the commissioner's incident response program related to ACRRA-eligible sites.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 20. Minnesota Statutes 2008, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters;

(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 31.14; or

(3) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34. The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at ~~\$75~~ \$150. The fee for a firm with gross food sales over \$1,000,000 is ~~\$100~~ \$200. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or ~~\$200~~ \$300, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 21. Minnesota Statutes 2008, section 32.394, subdivision 8, is amended to read:

Subd. 8. **Grade A inspection fees.** A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than \$500. For Grade A farm inspection service, the fee must be no more than \$50 per farm, paid annually by the processor or by

19.1 the marketing organization on behalf of its patrons. For a farm requiring a reinspection
19.2 in addition to the required biannual inspections, an additional fee of ~~\$45~~ \$100 per
19.3 reinspection must be paid by the processor or by the marketing organization on behalf
19.4 of its patrons.

19.5 Sec. 22. Minnesota Statutes 2008, section 41A.09, subdivision 2a, is amended to read:

19.6 Subd. 2a. **Definitions.** For the purposes of this section, the terms defined in this
19.7 subdivision have the meanings given them.

19.8 (a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products,
19.9 including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or
19.10 other renewable resources, including residue and waste generated from the production,
19.11 processing, and marketing of agricultural products, forest products, and other renewable
19.12 resources, that:

19.13 (1) meets all of the specifications in ASTM specification D4806-04a; and

19.14 (2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

19.15 (b) "Ethanol plant" means a plant at which ethanol is produced.

19.16 (c) "Commissioner" means the commissioner of agriculture.

19.17 ~~(d) "Rural economic infrastructure" means the development of activities that~~
19.18 ~~will enhance the value of agricultural crop or livestock commodities or by-products~~
19.19 ~~or waste from farming operations through new and improved value-added conversion~~
19.20 ~~processes and technologies, the development of more timely and efficient infrastructure~~
19.21 ~~delivery systems, and the enhancement of marketing opportunities. "Rural economic~~
19.22 ~~infrastructure" also means land, buildings, structures, fixtures, and improvements located~~
19.23 ~~or to be located in Minnesota and used or operated primarily for the processing or the~~
19.24 ~~support of production of marketable products from agricultural commodities or wind~~
19.25 ~~energy produced in Minnesota.~~

19.26 Sec. 23. Minnesota Statutes 2008, section 41A.09, subdivision 3a, is amended to read:

19.27 Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash
19.28 payments to producers of ethanol located in the state that have begun production at a
19.29 specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds
19.30 a controlling interest in more than one ethanol plant is considered a single producer.
19.31 The amount of the payment for each producer's annual production, except as provided
19.32 in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific
19.33 location on or before June 30, 2000, or ten years after the start of production, whichever is
19.34 later. ~~Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving~~

~~payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.~~

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the

21.1 producer's total ethanol production in Minnesota during the quarter covered by the claim.
21.2 For each claim and statement of total ethanol production filed under this subdivision,
21.3 the volume of ethanol production must be examined by an independent certified public
21.4 accountant in accordance with standards established by the American Institute of Certified
21.5 Public Accountants.

21.6 (f) Payments shall be made November 15, February 15, May 15, and August 15. A
21.7 separate payment shall be made for each claim filed. Except as provided in paragraph (g),
21.8 the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

21.9 (g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner
21.10 shall make an additional payment in the fourth quarter of each fiscal year to ethanol
21.11 producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the
21.12 year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during
21.13 the first three quarters of the fiscal year due to plant outages, repair, or major maintenance.
21.14 Total payments to an ethanol producer in a fiscal year, including any payment under this
21.15 paragraph, must not exceed the total amount the producer is eligible to receive based on
21.16 the producer's approved production capacity. The provisions of this paragraph apply only
21.17 to production losses that occur in quarters beginning after December 31, 1999.

21.18 (h) The commissioner shall reimburse ethanol producers for any deficiency in
21.19 payments during earlier quarters if the deficiency occurred because of unallotment or
21.20 because appropriated money was insufficient to make timely payments in the full amount
21.21 provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in
21.22 this subdivision, the commissioner shall begin making payments for earlier deficiencies in
21.23 each fiscal year that appropriations for ethanol payments exceed the amount required to
21.24 make eligible scheduled payments. Payments for earlier deficiencies must continue until
21.25 the deficiencies for each producer are paid in full, except the commissioner shall not make
21.26 a deficiency payment to an entity that no longer produces ethanol on a commercial scale
21.27 at the location for which the entity qualified for producer payments, or to an assignee of
21.28 the entity.

21.29 (i) The commissioner may ~~make direct payments to producers of rural economic~~
21.30 ~~infrastructure~~ provide financial assistance under the 21st century agricultural reinvestment
21.31 program in section 41A.12 with any amount of the annual appropriation for ethanol
21.32 producer payments ~~and rural economic infrastructure~~ that is in excess of the amount
21.33 required to make scheduled ethanol producer payments and deficiency payments under
21.34 paragraphs (a) to (h).

Sec. 24. **[41A.12] 21ST CENTURY AGRICULTURAL REINVESTMENT PROGRAM.**

Subdivision 1. **Establishment.** The 21st century agricultural reinvestment program is established in order to promote the advancement of the state's agricultural and renewable energy industries.

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118 and bioenergy awards made by the next generation energy board under section 41A.105.

Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agricultural finance, must allocate available funds among eligible uses, develop competitive eligibility criteria, and award funds on a needs basis.

Sec. 25. **BOVINE TUBERCULOSIS CONTROL ASSESSMENT; TEMPORARY ASSESSMENT; APPROPRIATION.**

(a) From January 1, 2009, to December 31, 2009, a person who purchases cattle that were raised or fed within this state shall collect a bovine tuberculosis control assessment of \$1 per head from the seller and shall submit all assessments collected to the commissioner of agriculture at least once every 30 days. If cattle that were raised or fed within this state are sold outside of the state and the assessment is not collected by the purchaser, the seller is responsible for submitting the assessment to the commissioner. For the purposes of this section, "a person who purchases cattle that were raised or fed within this state" includes the first purchaser, as defined in Minnesota Statutes, section 17.53, subdivision 8, paragraph (a), and any subsequent purchaser of the living animal.

(b) Money collected under this section shall be deposited in an account in the special revenue fund and is appropriated to the Board of Animal Health for bovine tuberculosis control activities.

(c) Notwithstanding paragraph (a), a person may not collect a bovine tuberculosis control assessment from a person whose cattle operation is located within a modified accredited zone established under Minnesota Statutes, section 35.244, unless the cattle owner voluntarily pays the assessment. The commissioner of agriculture shall publish and make available a list of cattle producers exempt under this paragraph.

(d) This section may be enforced under Minnesota Statutes, section 17.982 to 17.984.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to cattle purchased on January 1, 2009, and thereafter.

Sec. 26. **REPEALER.**
Minnesota Statutes 2008, sections 17.49, subdivision 3; and 38.02, subdivisions 3 and 4, are repealed.

ARTICLE 2
VETERANS AFFAIRS

Section 1. **VETERANS AFFAIRS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 2. **VETERANS AFFAIRS**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>65,708,000</u>	\$	<u>67,308,000</u>
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<u>Subd. 2. Veterans Services.</u>		<u>20,782,000</u>		<u>20,782,000</u>
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Of this amount, \$980,000 in fiscal year 2010 and \$980,000 in fiscal year 2011 are to be used to continue working on the merger of the Department of Veterans Affairs computer system and the former Veterans Homes Board computer system.

<u>Subd. 3. Veterans Homes.</u>		<u>44,926,000</u>		<u>46,526,000</u>
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Veterans Homes Special Revenue Account.

The general fund appropriations made to the department may be transferred to a

25.1	<u>The amounts that may be spent for each</u>		
25.2	<u>purpose are specified in the following</u>		
25.3	<u>subdivisions.</u>		
25.4	<u>Subd. 2. Maintenance of Training Facilities</u>	<u>6,660,000</u>	<u>6,660,000</u>
25.5	<u>Subd. 3. General Support</u>	<u>2,366,000</u>	<u>2,366,000</u>
25.6	<u>Subd. 4. Enlistment Incentives</u>	<u>10,348,000</u>	<u>10,348,000</u>
25.7	<u>If appropriations for either year of the</u>		
25.8	<u>biennium are insufficient, the appropriation</u>		
25.9	<u>from the other year is available. The</u>		
25.10	<u>appropriations for enlistment incentives are</u>		
25.11	<u>available until expended.</u>		

APPENDIX
Article locations in 09-1117

ARTICLE 1 AGRICULTURE Page.Ln 1.13

ARTICLE 2 VETERANS AFFAIRS Page.Ln 23.6

ARTICLE 3 MILITARY AFFAIRS Page.Ln 24.18